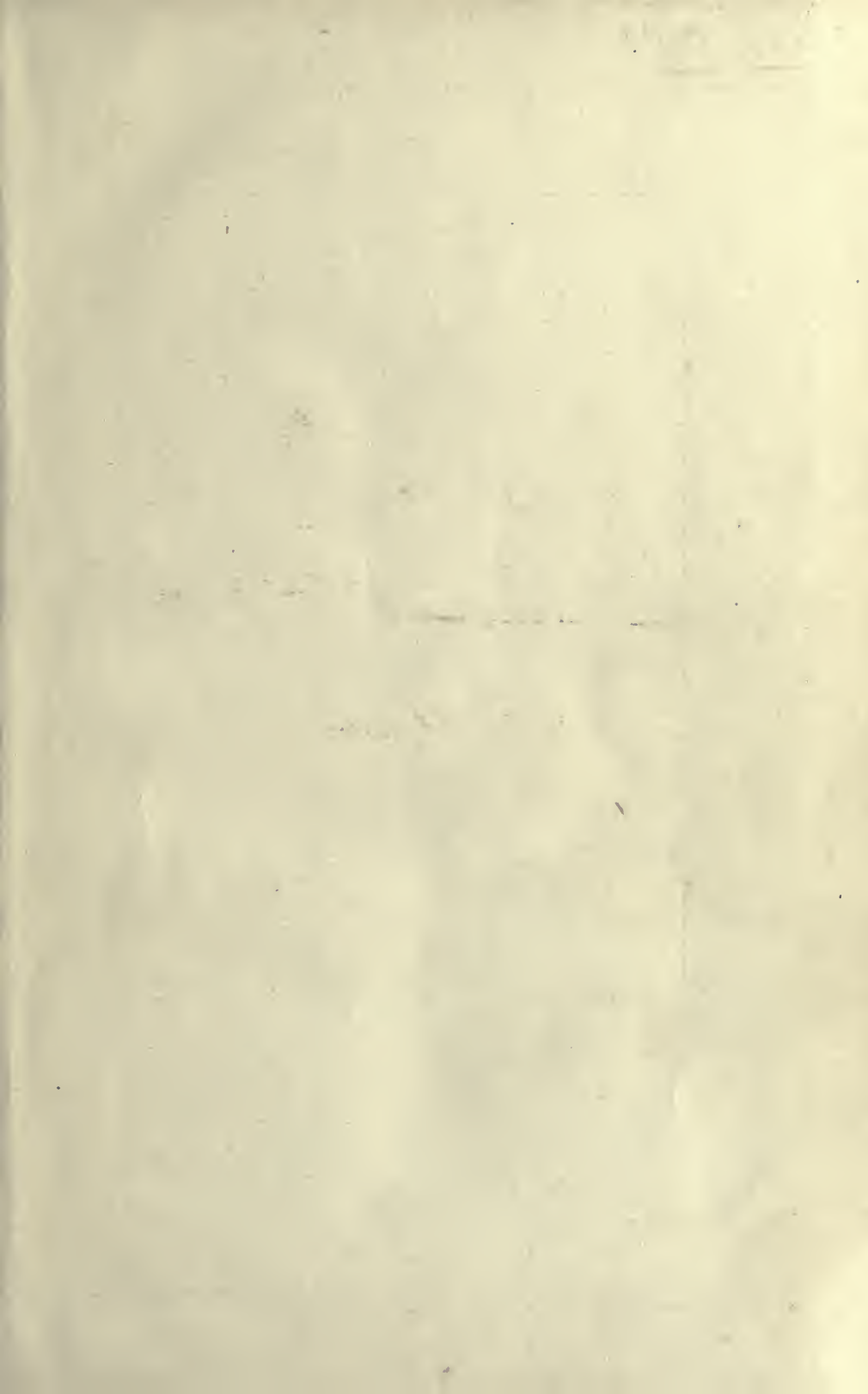
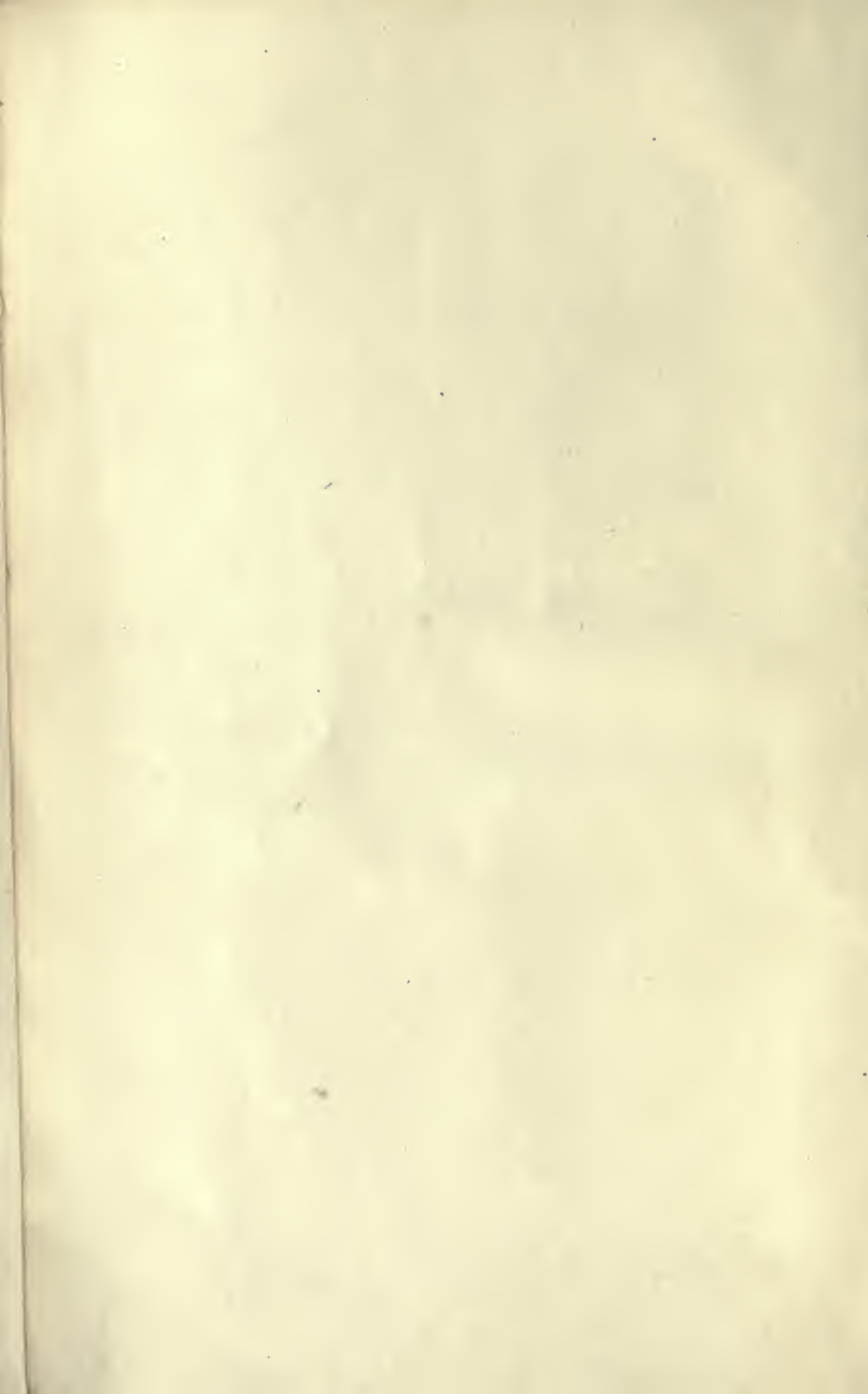




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Missouri Laws, etc.



[C. S. S. B.'s 78 and 79.]

BAKES, TRUST COMPANIES, SAVING BANKS AND SAFE DEPOSIT INSTITUTIONS: Domestic and Foreign Investments Companies.

AN ACT providing for domestic and foreign investment companies and definition of such companies; what this act shall apply to; fees thereof; what papers and documents to be filed and when; papers and documents; to be verified; foreign investment companies to file consent to be sued; bank commissioner duty to examine papers and documents; amendments; charters and by-laws to be filed—when; agent of such companies to register and pay fees; semiannual reports of such companies; how their accounts shall be kept; examination of such companies; appointing receiver for same; fees of to be paid into treasury; and also providing penalties for violations of this act.

SECTION

1. Domestic and foreign investments companies defined.
2. Domestic and foreign investment companies to file documents in office of bank commissioner before offering for sale stocks, bond or other securities.
3. Documents to be verified, how.
4. Service on foreign and domestic investment companies, how made.
5. Duties of bank commissioner and requirements of companies.
6. Investment companies may transact business, when.
7. Agents of investment companies to register with bank commissioner—fee—authority, how revoked.

SECTION

8. Investment companies to furnish statements to bank commissioner, when—filing fee—failure to file right to do business forfeited.
9. Books of investment companies, how kept—open to inspection of whom.
10. Bank commissioner to supervise and control investment companies—examinations, how made.
11. Receivers, when and how appointed.
12. Penalties for false statements by investment companies.
13. Penalty for non-compliance with act.
14. Bank commission authorized to collect fees—to appoint deputies and clerks to carry out act—salaries.
15. Conflicting acts repealed.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section 1. Domestic and foreign investments companies defined.—Every corporation, every co-partnership or company, and every association (other than state and national banks, trust companies, real estate mortgage companies dealing exclusively in real estate mortgage notes, building and loan associations, co-operative companies, training schools for miners, police and firemen's relief association, bond investment companies, insurance companies, investment and brokerage houses dealing (in the opinion of the bank commissioner) in municipal securities and other high grade stocks, bonds and securities, exposition companies and corporations not organized for profit) organized or which shall be organized in this state, whether incorporated or unincorporated, which shall sell or negotiate for the sale of any stocks, bonds, or other securities of any kind or character (other than bonds of the United States, of the state of Missouri, and notes secured by mortgage on real estate located in the state of Missouri, special road district bonds, tuberculosis hospital bonds, drainage district bonds, levee district bonds,

bonds of any county, township, city, town, village or school district or other legal subdivision of the state of Missouri) to any person or persons in the state of Missouri, other than those specifically exempted herein, shall be known for the purpose of this act as a domestic investment company. Every such investment company organized in any other state, territory or government, or organized under the laws of any other state, territory or government, shall be known for the purposes of this act as a foreign investment company. The bank commissioner may require all companies operating as real estate mortgage companies to file affidavit that they are dealing in real estate mortgage or trust deeds only, and as such not subject to examination.

Sec. 2. Domestic and foreign investment companies to file documents in office bank commissioner before offering for sale stocks, bond or other securities.—Before offering or attempting to sell any stocks, bonds or other securities of any kind or character other than those specifically exempted in section 1 of this act to any person or persons or transacting any business whatever in this state, excepting that of preparing the documents hereinafter required, every such investment company, domestic or foreign, shall file in the office of the bank commission of this state, together with a filing fee of twenty-five dollars, the following documents to-wit: A statement showing in full detail the plan upon which it proposes to transact business. A copy of all contracts, bonds or other instruments which it proposes to make with or sell to its contributors. A statement which shall show the name and location of the investment company, and an itemized account of its actual financial condition, and the amount of its property and liabilities, and such other information touching its affairs as said bank commissioner may require. If such investment company shall be a co-partnership or an unincorporated association, it shall also file with the bank commissioner a copy of its articles of co-partnership or association, and all other papers pertaining to its organization, and if it be a corporation organized under the laws of Missouri it shall also file with the bank commissioner a copy of its articles of incorporation, constitution and by-laws, and all other papers pertaining to its organization. If it shall be an investment company organized under the laws of any other state, territory or government, incorporated or unincorporated, it shall also file with the said bank commissioner a copy of the laws of such state, territory or government under which it exists or is incorporated, and also a copy of its charter, articles of incorporation, constitution and by-laws and all amendments thereof which have been made and all other papers pertaining to its organization.

Sec. 3. Documents to be verified, how.—All of the above described papers shall be verified by the oath of a member of a co-partnership or company, if it be a co-partnership or company, or by the oath of a duly authorized officer, if it be an incorporated or unincorporated association. All such papers, however, as are recorded or are on file in any public office shall be further certified

to by the officers of whose records or archives they form a part, as being correct copies of such records or archives.

Sec. 4. Service on foreign and domestic investment companies, how made.—Every foreign investment company now doing or hereafter admitted to do business within this state and not having its principal office in this state, and not having organized under the laws of this state, shall appoint, in writing, the secretary of state and his successors in office to be its true and lawful attorney, and upon whom all lawful process in any action or proceeding against it may be served, and it [in] such writing agree that any lawful process against it which is served on said attorney shall be of the same legal force and validity as if served upon the investment company, and that the authority shall continue in force so long as any liability remains outstanding in this state. Copies of such certificates, certified by said secretary of state, shall be deemed sufficient thereof, and shall be admitted in evidence with the same force and effect as the original thereof might be admitted. Service upon such attorney shall be deemed sufficient upon such foreign investment company. When legal process against any such foreign investment company is served upon said secretary of state, he shall immediately notify the foreign investment company of such service by registered letter, prepaid and directed to its secretary or corresponding officer, and shall, within two days after such service, forward in the same manner a copy of the process served on him to such officer. The plaintiff in such process so served shall pay the secretary of state at the time of such service a fee of two dollars, which shall be recovered by him as a part of the taxable costs, if he prevails in the suit. The said secretary of state shall keep a record of all process served upon him, which record shall show the day and hour when such service was made and by whom made. All domestic investment companies shall be served with process in the manner now provided by law for service of process on domestic corporations.

Sec. 5. Duties of bank commissioner and requirements of companies.—It shall be the duty of the bank commissioner to examine the statements and documents so filed, and if said bank commissioner shall deem it advisable he shall make or have made a detailed examination of such investment company's affairs, which examination shall be at the expense of such investment company, as hereinafter provided; and if he finds that such investment company is solvent, that its articles of incorporation or association, its constitution and by-laws, its proposed plan of business and proposed contract contain and provide for a fair, just and equitable plan for the transaction of business, the bank commissioner shall issue to such investment company a statement reciting that such company has complied with the provisions of this act, that detailed information in regard to the company and its securities is on file in the bank commissioner's office for public inspection and information, that such investment company is permitted to do business in this state, and such statement shall also recite in bold type that

the bank commissioner in no wise recommends the securities to be offered for sale by such investment company. But if said bank commissioner finds that such articles of incorporation or association, charter, constitution and by-laws, plan of business or proposed contract contain any provision that is unfair, unjust, inequitable or oppressive to any class of contributors, or if he decides from his examination of its affairs that said investment company is not solvent and does not intend to do a fair and honest business, then he shall notify such investment company in writing of his findings, and it shall be unlawful for such company to do any further business in this state until it shall so change its constitution and by-laws, articles of incorporation or association, its proposed plan of business and proposed contract and its general financial condition in such manner as to satisfy the bank commissioner that it is solvent, and its articles of incorporation or association, its constitution and by-laws, its proposed plan of business and proposed contract provide for a fair, just and equitable plan for the transaction of business; *and provided*, that all expenses paid or incurred and all fees or charges received or collected for any examination made under the provisions of this section of this act shall be reported in detail by the bank commissioner and a full report and record thereof made in detail; *and provided further*, that any individual, association or corporation on receiving notice from the bank commissioner that it shall do no further business in the state, may apply to a judge of the circuit court of the county where the individual, association or corporation has its main office, if a domestic company; or to a judge of the circuit court of Cole county, if a foreign company, for an order addressed to the commissioner of banking to show cause why the commissioner's order should not be revoked, and such judge shall have full power to summarily hear and determine the matter, and to make such provision and order as justice and equity may require.

Sec. 6. Investment companies may transact business, when.—

It shall not be lawful for any investment company either as principal or agent, to transact any business, in form or character similar to that set forth in section 1 of this act, except as is provided in section 2 of this act, until it shall have filed the papers and documents above provided for. No amendment of the charter articles of incorporation, constitution and by-laws of any such investment company shall become operative until a copy of the same has been filed with the bank commissioner as provided in regard to the original filing of charter, articles of incorporation, constitution and by-laws, nor shall it be lawful for any such investment company to transact business on any other plan than that set forth in the statement required to be filed by section 2 of this act, or to make any contracts other than that shown in the copy of the proposed contract required to be filed by section 2 of this act, until a written statement showing in full detail the proposed new plan of transacting business and a copy of the proposed new contract shall have been filed with the bank commissioner, in like manner

as provided in regard to the original plan of business and proposed contract, and the consent of the bank commissioner obtained as to making such proposed new plan of transacting business and proposed new contract.

Sec. 7. Agent of investment companies to register with bank commissioner—fee—authority, how revoked.—Any investment company may appoint one or more agents, but no such agent shall do any business for said investment company in this state until he shall first register with the bank commissioner as agent, for such investment company, and for each of such registrations there shall be paid to the bank commissioner the sum of five dollars. Such registration shall entitle such agent to represent said investment company as its agent until the 1st day of March following, unless such authority is sooner revoked by the bank commissioner; and such authority shall be subject to revocation at any time by the bank commissioner for cause appearing to him sufficient.

Sec. 8. Investment companies to furnish statements to bank commissioner, when—filing fee—failure to file right to do business forfeited.—Every investment company, domestic or foreign, shall file within sixty days after the close of business on December 31st of each year, and at such other times as required by the bank commissioner, a statement verified by the oath of a member of the copartnership or company, if it be a co-partnership or company, or by the oath of a duly authorized officer, if it be an incorporated or an unincorporated association, setting forth in such form as may be prescribed by the said bank commissioner, its financial condition and the amount of its assets and liabilities, and furnishing such other information concerning its affairs as said bank commissioner may require. Each regular statement shall be accompanied by a filing fee of two dollars and fifty cents. Any investment company failing to file its report as herein provided or failing to file any other or special report herein required within thirty days after receipt of request or requisition therefor, shall forfeit its right to do business in this state.

Sec. 9. Books of investment companies, how kept—open to inspection of whom.—The general accounts of every investment company, domestic or foreign, doing business in this state, shall be kept by double entry, and such company, its co-partners or managing officers, shall at least once in each month make a trial balance of such accounts, which shall be recorded in a book provided for that purpose; such trial balances and all other books and accounts of such company shall at all times during business hours, except on Sundays and legal holidays, be open to the inspection of stockholders and to the bank commissioner and his deputies.

Sec. 10. Bank commissioner to supervise and control investment companies—examinations, how made.—The bank commissioner shall have general supervision and control, as provided by this act, over any and all investment companies, domestic or foreign, doing business in this state, and all such investment com-

panies shall be subject to examination by the bank commissioner or his duly authorized deputies at any time the bank commissioner may deem it advisable and in the same manner as is now provided for the examination of state banks. The rights, powers and privileges of the bank commissioner in connection with such examination shall be the same as is now provided with reference to examination of state banks; and such investment company shall pay a fee for each of such examinations of not to exceed ten dollars for each day or fraction thereof plus the actual traveling and hotel expenses of said bank commissioner or deputy that he is absent from the seat of government for the purpose of making such examination, and the failure or refusal of any investment company to pay such fees upon the demand of the bank commissioner or deputy while making such examination shall work a forfeiture of its rights to do business in this state.

Sec. 11. Receivers, when and how appointed.—Whenever it shall appear to the bank commissioner that the assets of any investment company doing business in this state are impaired to the extent that such assets do not equal its liabilities, or that it is conducting its business in an unsafe, inequitable or unauthorized manner, or is jeopardizing the interest of its stockholders or investors in stocks, bonds or other securities by it offered for sale, or whenever any investment company shall fail or refuse to file any papers, statements or documents required by this act, without giving satisfactory reasons therefor, said bank commissioner shall at once communicate such facts to the attorney-general who shall thereupon apply to the supreme court or to the circuit court where such company is located or is doing business, or to a judge of either of said courts for the appointment of a receiver to take charge of and wind up the business of such investment company and if such fact or facts be made to appear it shall be sufficient evidence to authorize the appointment of a receiver and the making of such orders and decrees in such cases as equity may require.

Sec. 12. Penalties for false statements by investment companies.—Any person who shall knowingly or willfully subscribe to or make or cause to be made any false statements or false entry in any book of such investment company, or exhibit any false paper with the intention of deceiving any person authorized to examine into the affairs of such investment company, or shall make or publish any false statement of the financial condition of such investment company, or the stocks, bonds or other securities by it offered for sale, shall be deemed guilty of a felony, and upon conviction thereof shall be punished by imprisonment in the penitentiary not exceeding ten years or in the county jail not exceeding six months or by a fine of not less than two hundred dollars nor more than one thousand dollars or by both such fine and imprisonment.

Sec. 13. Penalty for non-compliance with act.—Any person or persons, agent or agents, who shall sell or attempt to sell the stock, bonds or other securities of any investment company, domestic or

foreign, or the stock, bonds or other securities by it offered for sale, who have not complied with the provisions of this act, or any investment company, domestic or foreign, which shall do any business, or offer or attempt to do any business, except as provided in section two of this act, which shall not have complied with the provisions of this act, or any agent or agents who shall do or attempt to do any business for any investment company domestic or foreign, in this state, which agent is not at the time duly registered and has fully complied with the provisions of this act, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined for each offense not less than one hundred dollars nor more than five thousand dollars, or by imprisonment in the county jail for not more than ninety days, or both such fine and imprisonment.

Sec. 14 Bank Commissioner authorized to collect fees—to appoint deputies and clerks to carry out act—salaries.—All fees herein provided for shall be collected by the bank commissioner and by him shall be turned into the state treasury, and all fees so turned into the state treasury, or so much thereof as may be necessary, are hereby re-appropriated to the bank commissioner for the purpose of paying all salaries and expenses necessary for carrying this act into effect; and the bank commissioner is hereby authorized to appoint such clerks and deputies as are actually and absolutely necessary to carry this act into full force and effect. Such, [clerks] and deputies shall receive the same salaries as now provided by law as other clerks and deputies in the department of the bank commissioner. All money actually and necessarily paid out by the bank commissioner to any clerk or deputy appointed under this act, as salaries, or any money actually and necessarily paid out by the bank commissioner, or by any clerk or deputy appointed under this act, for traveling or incidental expenses shall be paid by the state treasury [treasurer] out of such fees upon the state auditor's warrants, to be issued upon sworn vouchers containing an itemized account of such salaries and expenses.

Sec. 15. Conflicting acts repealed.—All acts or parts of acts in conflict herewith are hereby repealed.

Approved April 7, 1913.



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